

Existing law provides that an employer shall secure workers' compensation to his employees in one of three ways:

- (1) By insuring and keeping insured the payment of compensation with any stock corporation, mutual association, or other concern authorized to transact the business of workers' compensation insurance in this state.
- (2) By using any combination of life, accident, health, property, casualty, or other insurance policies.
- (3) By furnishing satisfactory proof to the director of the employer's financial ability to pay workers' compensation. The director, pursuant to rules adopted by the office for an individual self-insured or own risk carrier, shall require that an employer:
  - (a) Deposit with the director securities or a surety bond in an amount determined by the director which would be at least an average of the yearly claims for the last three years.
  - (b) Provide proof of excess coverage with such terms and conditions as is commensurate with their ability to pay the benefits required by the provisions of the Workers' Compensation Act.

New law provides that at a minimum the rules adopted by the director must relate to securities and excess coverage.

New law provides that an insurer with an A.M. Best rating of A-minus or better which is providing excess workers' compensation coverage to more than one employer can satisfy initial and renewal certification requirements by depositing and maintaining a single surety bond or other acceptable security in an amount equal to the greater:

- (a) The aggregate average workers' compensation losses incurred over the most recent 3-year period multiplied by 150%; or
- (b) The total amount of unpaid workers' compensation reserves at the time of the annual review of all self-insurers secured by the single security multiplied by 150%.

New law provides that for employers that have not been in business for at least three calendar years, the single surety provided shall be increased for each employer by the greater of \$300,000 or three times the estimated annual loss fund for the next year. Provides that the security deposited by an insurer shall serve to secure obligations of its self-insured employers only for those years in which they were provided excess coverage by that one particular insurer.

New law provides that the insurer shall satisfy the self-insurer requirements of the new law by submitting written notification of excess workers' compensation losses incurred over the most recent three-year period and the insured's total unpaid workers' compensation reserves.

New law requires an employer operating as a self-insurer who becomes insolvent or otherwise defaults on his workers' compensation obligations to deposit a separate surety bond or other security equal to the amount of security attributable to the defaulting employer in the most recent calculation of the single security on deposit. Provides for forfeiture of the entire single security on deposit if the separate surety bond or other security is not deposited with

the office within 10 business days of demand.

Effective August 15, 1999.

(Amends R.S. 23:1168(A)(3)(intro. para.) and (D); Adds R.S. 23:1168(A)(3)(c) and (d))